-1647

FILE COPY

FILED

JUN 8 1973

MICHAEL RODAK, JR. CLERK

IN THE

# Supreme Court of the United States

October Term, 1972.

No. 72-1647

MOBIL OIL CORPORATION, a Corporation, SUNRAY-DX OIL COMPANY, a Corporation, KERR-McGEE CORPORATION, a Corporation, and PHILLIPS PETROLEUM COMPANY, a Corporation,

*Petitioners,*

*v.*

STANDARD INDUSTRIES, INC., a Corporation, and METROPOLITAN PAVING CO., INC., a Corporation,

*Respondents.*

## PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT.

[Names and Addresses of Counsel Appear at the Conclusion of the Petition]

International Printing Co., 711 So. 50th St., Phila., Pa. 19143 — Tel. (215) 727-8711

## INDEX.


| | Page |
|---|---|
| INTRODUCTION | 1 |
| OPINION BELOW | 2 |
| JURISDICTION | 2 |
| CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED | 2 |
| QUESTIONS PRESENTED | 3 |
| STATEMENT OF THE CASE | 4 |
| REASONS FOR GRANTING THE WRIT | 10 |
| I. The Tenth Circuit's Holding That Despite the Absence of Competent Connecting Evidence, an Antitrust Plaintiff Can Introduce Evidence of Alleged Wrongdoing by Some of the Defendants in a Multi-Defendant Trial Solely on the Basis of Plaintiff's Theory of the Case or, Alternatively, That Such Evidence Is Generally Admissible to Show Intent, Announces a Rule Which Sanctions the Denial of the Right of Petitioners and of Future Antitrust Defendants to a Fair Trial by an Impartial Jury | 10 |
| II. By Affirming the Admission of "Evidence" That Companies and Individuals Unrelated to Petitioners, and Whose Liability Was Not an Issue, Had Charged Others With Wrongdoing and Had Asserted Their Fifth Amendment Privilege Against Self-Incrimination, the Tenth Circuit Has Sanctioned So Far a Departure From the Accepted and Unusual Course of Judicial Proceedings as to Call for the Exercise of This Court's Power of Supervision | 12 |
| CONCLUSION | 14 |
| CERTIFICATE OF SERVICE | 16 |
| APPENDIX: | |
| The Opinion Below | A1 |
| The Order Denying All Petitions for Rehearing | A25 |

## TABLE OF CASES CITED.


Page

Buckhead Theatre Company v. Atlanta Enterprises, 327 F. 2d 365 (5th Cir. 1964) ..... 10

Bruton v. United States, 391 U. S. 123 (1968) ..... 13

Dart Drug Corp. v. Parke Davis & Co., 344 F. 2d 173 (D. C. Cir. 1965) ..... 10

Courtney v. United States, 390 F. 2d 521 (9th Cir. 1968) ... 13

Esco Corporation v. United States, 340 F. 2d 1000 (9th Cir. 1965) ..... 11

Greater New York Live Poultry Chamber of Commerce v. United States, 47 F. 2d 156 (2d Cir. 1930), cert. den., 283 U. S. 837 (1931) ..... 11

Grunewald v. United States, 353 U. S. 391 (1957) ..... 13

Independent Iron Works, Inc. v. United States Steel Corp., 322 F. 2d 656 (9th Cir. 1963) ..... 10

International Shoe Machine Corp. v. United Shoe Machinery Corp., 315 F. 2d 449 (1st Cir. 1963) ..... 10

Krulewitch v. United States, 336 U. S. 440 (1949) ..... 13

San Fratello v. United States, 343 F. 2d 683 (5th Cir. 1955) 13

San Fratello v. United States, 340 F. 2d 711 (5th Cir. 1965) .. 13

Standard Oil Company of California v. Moore, 251 F. 2d 188 (9th Cir. 1957), cert. den., 356 U. S. 975 (1958) ..... 12

Tallo v. United States, 344 F. 2d 467 (1st Cir. 1955) ..... 13

Ullman v. United States, 350 U. S. 422 (1956) ..... 13

United States v. Standard Oil Co., et al., No. 65-CR-150 (E. D. Mo.) ..... 4

United States v. Tucker, 267 F. 2d 212 (3d Cir. 1959) ..... 13

United States v. Wilshire Oil Company of Texas, et al., Criminal Action No. KC-CR-873 (D. Kansas) ..... 5

United States v. Wilshire Oil Company of Texas, 427 F. 2d 969 (10th Circuit 1970), cert. den., 400 U. S. 829 (1970) 5

## STATUTES CITED.


| | Page |
|---|---|
| Clayton Act, Section 4, 15 U. S. C. § 15 | 3, 4 |
| Sherman Antitrust Act, Section 1, 15 U. S. C. § 1 | 2, 4 |
| 28 U. S. C. Section 1254(1) | 2 |


## CONSTITUTIONS CITED.


| | Page |
|---|---|
| United States Constitution, Fifth Amendment | 2, 3, 7, 9, 11, 14 |


## AUTHORITIES CITED.


| | Page |
|---|---|
| 4 Wigmore, Evidence, Section 1076 (3d Ed. 1940) | 11 |

IN THE

# Supreme Court of the United States

OCTOBER TERM, 1972.

No. .

MOBIL OIL CORPORATION, A CORPORATION, SUNRAY-DX OIL COMPANY, A CORPORATION, KERR-McGEE CORPORATION, A CORPORATION, AND PHILLIPS PETROLEUM COMPANY, A CORPORATION,

*Petitioners,*

*v.*

STANDARD INDUSTRIES, INC., A CORPORATION, AND METROPOLITAN PAVING CO., INC., A CORPORATION,

*Respondents.*

## PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT.

## INTRODUCTION.

Petitioners, Mobil Oil Corporation, Phillips Petroleum Company, Kerr-McGee Corporation and Sunray-DX Oil Company ("petitioners") pray that a Writ of Certiorari issue to review the judgment of the United States Court of Appeals for the Tenth Circuit (hereinafter referred to as "Tenth Circuit"), entered in this case on March 14, 1973. The district court denied petitioner's Motion for a New Trial in Civil Action No. 66-478, Western District of Oklahoma. The Tenth Circuit affirmed that judgment.

## OPINIONS BELOW.

Since the District Court's judgment was entered on the jury's verdict, no opinion of that court was written or reported. The opinion of the Court of Appeals for the Tenth Circuit affirming the District Court's denial of petitioner's motion for a new trial is reported at 475 F. 2d 220 (10th Cir. 1973). [A copy is printed in the Appendix to this petition.]

## JURISDICTION.

The jurisdiction of the Court is invoked under 28 U. S. C. Section 1254(1). The opinion of the United States Court of Appeals for the Tenth Circuit in this case was filed and entered March 14, 1973. Thereafter petitioners' Joint Petition for Rehearing was filed on April 11, 1973. On April 27, 1973, the Joint Petition for Rehearing was denied. This Petition for Certiorari is filed within ninety (90) days of March 14, 1973.

## CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED.

*The Constitutional provision involved is:*

The Fifth Amendment to the United States Constitution:

> "No person shall be . . . deprived of life, liberty, or property without due process of law."

*The Statutory provisions involved are:*

(1) Section 1 of the Sherman Antitrust Act, 15 U. S. C. § 1:

> "Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade

or commerce among the several states, is declared to be illegal . . ."

(2) Section 4 of the Clayton Act, 15 U. S. C. § 15:

"Any person who shall be injured in his business or property by reason of anything forbidden in the antitrust laws may sue therefor in any district court of the United States . . . and shall recover threefold the damages by him sustained. . . ."

## QUESTIONS PRESENTED.

1. May plaintiffs in antitrust actions submit to the jury elaborate and extensive evidence concerning alleged conspiracies other than that charged by them (and which some of the defendants named by the plaintiffs did not know of or participate in), even though submission of such irrelevant evidence plainly denies to the defendants their right to have an impartial jury consider only the evidence relevant to the question whether they are guilty of the wrongdoing charged by plaintiffs.

2. May plaintiffs in antitrust actions submit to the jury hearsay evidence concerning alleged admissions by companies not on trial and evidence that persons and companies not on trial have asserted their Fifth Amendment privilege against self-incrimination, even though such evidence is irrelevant to the question whether the defendants on trial were guilty of the conspiracy charged and even though such evidence is unquestionably inflammatory and prejudicial to the defendants' rights to a fair trial.

## STATEMENT OF THE CASE.

On December 6, 1966, plaintiffs, Standard Industries, Inc. and Metropolitan Paving Co. ("plaintiffs"), began this action against twelve defendants, including petitioners. The Complaint charged the defendants with conspiring to fix prices and allocate territories and customers in connection with the sale of liquid asphalt, a by-product of the petroleum refining process, to the plaintiffs, paving contractors located within the State of Oklahoma, in violation of Section 1 of the Sherman Act, 15 U. S. C. Sec. 1. Plaintiffs claimed treble damages under Section 4 of the Clayton Act, 15 U. S. C. Sec. 15.

In this joint Petition for Certiorari, petitioners request that this Court review the propriety of allowing two broad categories of evidence to be admitted in civil antitrust trials. The evidence at issue unquestionably prejudiced the petitioners and denied them the right secured by the Fifth Amendment to the United States Constitution to a fair trial by an impartial jury. If the Tenth Circuit's decision is allowed to stand, admission of such evidence at future antitrust trials will effectively deny to defendants in those trials the same right.

The most prejudicial and pervasive error sanctioned by the Tenth Circuit was the admission of testimony and documents relating to two alleged conspiracies which were separate and apart from the conspiracy charged by the plaintiff.

Prior to the filing of the plaintiffs' complaint, the United States Government had indicted two separate groups of companies for alleged conspiracies to allocate bids to the States of Missouri and Kansas, respectively, for liquid asphalt purchased by those states for maintenance purposes. One indictment charged that a group of refineries that bid to the State of Missouri had allocated such bids. *United States v. Standard Oil Co., et al.*, No. 65-Cr-150

(E. D. Mo.). The other charged that a separate group of companies (although there was some overlap) had agreed to allocate liquid asphalt maintenance bids to the State of Kansas. *United States v. Wilshire Oil Company of Texas, et al.,* Criminal Action No. KC-CR-873 (D. Kansas). As was held by the Tenth Circuit in *United States v. Wilshire Oil Company of Texas,* 427 F. 2d 969 (10th Circuit 1970), *cert. den.,* 400 U. S. 829 (1970), the two indictments charged separate conspiracies each limited to liquid asphalt sales to the States of Missouri and Kansas, respectively.

Despite this, and despite the fact that the extensive testimony by participants in these alleged conspiracies established that no sales to Oklahoma customers whatsoever were ever discussed or otherwise the subject of discussion or agreement, well over half of the plaintiffs' case against petitioners was devoted to elaborate and detailed testimony (presented mostly by deposition) concerning the Missouri and Kansas events. In fact, out of thirty witnesses called by plaintiffs, almost one-half were called because they had been present at discussions concerning one or the other of the alleged allocation conspiracies charged by the indictments, and their testimony related only to those two alleged conspiracies.

Over the vigorous objections of petitioners, before and during trial, this testimony was presented to the jury on the basis of plaintiffs' representation that they would "connect up" the Kansas and Missouri agreements to the very different conspiracy alleged by them.[1] But contrary to that representation they failed to present any probative evidence linking the Kansas and Missouri meetings concerning sales of maintenance asphalt to those states to any

1. E.g., App. 202-203, 3373, 3503-3505. (As used in this Petition "App." refers to the joint Appendix filed below. "Appendix" refers to the Appendix to this Petition in which the Tenth Circuit's Opinion is reprinted).

conspiracy to fix the price of liquid asphalt sold to paving contractors or anyone else in Oklahoma. The plaintiffs' own witnesses demonstrated beyond doubt that the Kansas and Missouri activities were in no way directed at or otherwise connected with sales of asphalt to customers in Oklahoma. Each witness who described events surrounding the Kansas and Missouri activities made clear that the only subject of discussions was the sale of asphalt to these respective states for maintenance purposes.[2]

But once this evidence was placed before the jury, petitioners were faced with the impossible task of disassociating in the minds of the jury the unrelated events in Kansas and Missouri and from sales to plaintiffs located in Oklahoma.

As the Tenth Circuit's opinion appears to recognize, the only connection advanced by plaintiffs between this evidence, and the conspiracy charged by them in regard to liquid asphalt sales to plaintiffs in the State of Oklahoma, was in the form of a theory that the decisions by Oklahoma and Kansas refineries to market their surplus asphalt production in states whose refiners did not produce enough asphalt to meet local needs was the result of conspiracy. The Tenth Circuit held that such a theory is a permissible substitute for competent connecting evidence [Appendix A10-A13]. It also held that the Kansas and Missouri events were admissible to prove the "intent" of petitioners, despite the fact that one petitioner (Sunray-DX Oil Company) was involved in neither alleged conspiracy and another (Kerr-McGee Corporation) was involved in only one, and despite the absence of any evidence that the marketing decisions of petitioners were ever the subject of any discussions, conspiracy or agreement [Appendix A13].

---

2. E.g., App. 742-743, 751-752, 770-771, 860-894, 907-909, 920-922, 1102-1108, 1114-1117, 1120-1125.

In addition to the above, plaintiffs were also allowed to read to the jury an alleged admission of guilt by a refiner which was not on trial, and segments of objections made by a company not on trial to interrogatories and of the deposition transcript of an individual not on trial (and unrelated to any of the petitioners), in which the Fifth Amendment privilege against self-incrimination was asserted in response to questions relating to the conspiracy charged by plaintiffs.

The alleged admission was an averment appearing in the Complaint filed in the Eastern District of Missouri by Wilshire Oil Company of Texas ("Wilshire") against certain of its former officers. Wilshire had been named as a defendant by plaintiffs but prior to trial had settled. Despite this, and despite petitioners' objection, the plaintiffs were allowed to read to the jury Wilshire's averment that certain of its former officers had "conspired with the representatives of the various oil companies to fix the price of asphalt road oil in the State of Missouri and in sales to the State of Missouri."[3]

The plaintiffs were also allowed to read to the jury materials developed in the course of pre-trial discovery in which the Fifth Amendment privilege against self-incrimination was invoked by a company and an individual, both unrelated to petitioners.

The first assertion occurred as an objection by Allied Materials Corporation ("Allied"), to an interrogatory propounded by plaintiffs. Allied had been named as a defendant by plaintiffs but had settled prior to trial. Despite this, and over the defendant's objections, plaintiffs were allowed to read to the jury the following interrogatory and objection thereto made by Allied:[4]

---

3. App. 1032-1034, 1039-1040.

4. App. 77-79, 3282-3283.

*The Interrogatory:*

"List all bids or quotations to sell liquid asphalt submitted by your company in response to sealed bid invitations, which any of your employees, agents, or officers informed, or informs you, were discussed prior to being submitted by any of your employees, officers, or agents, with any employee, officer, or agent or any of your competitors at a meeting between them."

*The Objection:*

"Allied Materials objects to this Interrogatory and each part thereof on the grounds and for the reasons heretofore assigned which objections are reasserted and maintained. The information called for is privileged and any person or persons connected with Allied Materials Corporation who might have knowledge of the facts inquired about has or have the constitutional personal right of protection against self-incrimination under the Fifth Amendment to the Federal Constitution, which right this affiant will not waive."

Subsequently, over the defendants' objections, plaintiffs were allowed to read to the jury the deposition transcript of an employee of a company which had not even been named as a defendant in plaintiffs' Complaint. In response to each question propounded, that witness invoked his Fifth Amendment privilege against self-incrimination. The following is representative of what the plaintiffs were allowed to read to the jury:[6]

"Q. Do you know of any arrangement between the asphalt producers of the State of Oklahoma and Kansas under which and by which such arrangement that one

6. App. 475-476.

of the objectives is that the Kansas producers and refiners of asphalt will not market their asphalt in the State of Oklahoma and that the Oklahoma producers and refiners of asphalt will not market their product in the State of Kansas?

"A. I refuse to answer on the grounds it might tend to incriminate me and I invoke my right under the Fifth Amendment of the Constitution of the United States."

Both Allied and Wilshire had settled with plaintiffs prior to trial. The deponent whose assertions of the Fifth Amendment privilege was read into the record had never been a party to the action and was in no way related to any of the petitioners. Thus, there is no question but that the materials read had no bearing on any issue to be decided by the jury. The admission of these prejudicial and inflammatory materials was wholly unwarranted and unnecessary. Its prejudicial and inflammatory effect cannot be gainsaid. Yet the Tenth Circuit's opinion sanctioned this procedure in two sentences:

"Fed. R. Civ. P. 61 specifically refers to error in the admission of evidence and declares that such error is not ground for ordering a new trial unless such be deemed 'inconsistent with substantial justice'. None of the alleged error with respect to the admission of evidence in the instant case meets that test." [Appendix A15].

## REASONS FOR GRANTING THE WRIT.

### I. The Tenth Circuit's Holding That Despite the Absence of Competent Connecting Evidence, an Antitrust Plaintiff Can Introduce Evidence of Alleged Wrongdoing by Some of the Defendants in a Multi-Defendant Trial Solely on the Basis of Plaintiff's Theory of the Case or, Alternatively, That Such Evidence Is Generally Admissible to Show Intent, Announces a Rule Which Sanctions the Denial of the Right of Petitioners and of Future Antitrust Defendants to a Fair Trial by an Impartial Jury.

It has long been clear that the fact that a defendant may have committed unlawful acts other than those for which he is on trial is not admissible to prove that he in fact committed the illegal acts charged.

Prior to the Tenth Circuit's decision, parties offering such evidence have been required to submit competent evidence that the wrongful acts which the evidence offered may establish were connected with the wrongful acts charged. *E.g., International Shoe Machinery Corp. v. United Shoe Machine Corp.*, 315 F. 2d 449, 459 (1st Cir. 1963). See, *e.g., Dart Drug Corp. v. Parke Davis & Co.*, 344 F. 2d 173, 185 (D. C. Cir. 1965); *Buckhead Theatre Company v. Atlanta Enterprises*, 327 F. 2d 365 (5th Cir. 1964); *Independent Iron Works, Inc. v. United States Steel Corp.*, 322 F. 2d 656, 674 (9th Cir. 1963).

Without proof of such a connection such evidence is irrelevant. It is unquestionably prejudicial since it clearly invites the inference that because some defendants may have been guilty of wrongdoing elsewhere all are guilty of the wrongful acts charged. In the instant case admission of this evidence involved far more than this obvious sort of prejudice. In terms of time and witnesses, well over one half of plaintiffs' case was devoted to describing, in

elaborate detail, various meetings at which the only subject or discussion was sales to the State of Kansas or the State of Missouri for maintenance purposes, and which some of the petitioners did not know of or participate in. Faced with this avalanche of testimony, it is inconceivable that the jury was willing or able to consider the fact that each witness testified that the discussions did not concern in any way asphalt sales in Oklahoma.

The rule announced by the Tenth Circuit in its opinion below permits parties offering this type of evidence to do so solely on the basis of their *theory* of the case, and abolishes the requirement heretofore in force that competent *evidence* be presented connecting the evidence to the wrongdoing for which the defendants are on trial [Appendix A10-A13]. The alternate rule announced by the Tenth Circuit, that such evidence may be admitted in order to demonstrate the "intent" behind "other acts and doings . . . of a kindred character" [Appendix A13] similarly abolishes this requirement. As applied in this case, by demonstrating the not surprising fact that some of these petitioners in their sales of identical products at times reached the same marketing decisions, the plaintiffs were allowed to introduce extensive evidence of alleged conspiracies in which some, but not all, of the petitioners were implicated and which were demonstrably unrelated to the conspiracy charged by plaintiffs. This rule is a drastic departure from the standards heretofore applied by the federal courts, in which such evidence has been admitted as relevant to intent only when a plaintiff has introduced competent evidence, other than proof of some instances in which defendants who sell identical products have reached the same marketing decisions, that the defendants on trial have engaged in the "kindred" actions charged by plaintiff. See, e.g., *Esco Corporation v. United States*, 340 F. 2d 1000 (9th Cir. 1965); *Greater New York Live Poultry Chamber of Commerce v. United*

*States*, 47 F. 2d 156 (2d Cir. 1930), *cert. den.*, 283 U. S. 837 (1931).

By these rulings The Tenth Circuit has so far departed from the principles necessary to ensure the protection of parties' rights to fair trials as to call for the exercise of this Court's power of supervision.

**II. By Affirming the Admission of "Evidence" That Companies and Individuals Unrelated to Petitioners, and Whose Liability Was Not an Issue, Had Accused Others of Wrongdoing and Had Asserted Their Fifth Amendment Privilege Against Self-Incrimination, the Tenth Circuit Has Sanctioned So Far a Departure From the Accepted and Usual Course of Judicial Proceedings as to Call for the Exercise of This Court's Power of Supervision.**

The Procedure by which the plaintiffs were allowed to read to the jury the materials described at pages 7-9, *supra* is unprecedented, and there is no conceivable basis for allowing such prejudicial and inflammatory materials to be presented to a jury in any trial.

Obviously, the fact that persons unrelated to petitioners have "taken the Fifth" or have accused others (also unrelated to the petitioners) of wrongdoing, has no bearing on whether the *petitioners* engaged in the misconduct charged by plaintiffs. Furthermore, since none of the authors of the materials were on trial, their statements could not constitute "admissions". *E.g.*, 4 Wigmore, *Evidence*, Section 1076 (3d Ed. 1940). And on their face, the statements could not have been in furtherance of any conspiracy. See, e.g., *Standard Oil Company of California v. Moore*, 251 F. 2d 188 (9th Cir. 1957), *cert. den.* 356 U. S. 975 (1958).

And finally, it cannot be disputed that the assertion of the Fifth Amendment privilege against self-incrimination

is not an admission of guilt, even when made by a person whose guilt or innocence is at issue. See, e.g., *Grunewald v. United States*, 353 U. S. 391 (1957). *A fortiorari* such an assertion has no probative value as to the question whether persons other than the person asserting the privilege engaged in any wrongful acts. E.g., *San Fratello v. United States*, 340 F. 2d 560 (5th Cir. 1965); *United States v. Tucker*, 267 F. 2d 212 (3d Cir. 1959).

No instruction to the jury could be adequate to offset the inflammatory effects of this highly emotive "evidence". See *Bruton v. United States*, 391 U. S. 123 (1968); *Krulewitch v. United States*, 336 U. S. 440, 453 (1949) (concurring opinion by Justice Jackson). As is universally recognized, virtually all laymen infer that persons "taking the Fifth" are guilty. See *Ullman v. United States*, 350 U. S. 422, 426 (1956). For this reason, courts are enjoined to adhere to procedures which will ensure, to the extent feasible, that such assertions will not be made in the presence of the jury. E.g., *Tallo v. United States*, 344 F. 2d 467 (1st Cir. 1955); *San Fratello v. United States*, 343 F. 2d 711 (5th Cir. 1955); *Courtney v. United States*, 390 F. 2d 521 (9th Cir. 1968). The injunction is clearly violated where, as here, a party is allowed to read to the jury objections to interrogations and segments of a deposition transcript.

By proffering these materials, the plaintiffs no doubt intended that the jury in some fashion would confuse the petitioners with those "taking the Fifth" and with those accusing others of wrongdoing, and infer that if they had done so, surely *petitioners* must have been guilty of the wrongdoing charged by plaintiffs.

By sanctioning these rulings of the trial court, the Tenth Circuit has so far departed from the rules of evidence, to the undeniable prejudice of these petitioners, as to call for the exercise of this Court's powers of supervision.

## CONCLUSION.

The decision of the Tenth Circuit is an egregious example of an increasing trend in civil antitrust trials whereby plaintiffs, in their role as "private attorneys-general", are accorded the privilege of introducing evidence of little or no probative value, but of undeniably inflammatory and prejudicial effect. As a result, in such trials defendants are increasingly subjected to the risk that they will be found liable solely on the basis of the wrongdoing of others or solely because in other times or in other contexts, they may have been guilty of wrongdoing other than that charged by plaintiffs. The effect of this trend is to deny to defendants their right secured by the Fifth Amendment to the United States Constitution to a fair trial before an impartial jury on the question whether they are guilty of the conduct charged by plaintiffs. This case offers a compelling opportunity for this Court, in the exercise of its responsibility for ensuing the proper functioning of the federal judiciary in the administration of federal statutes, to check that trend and to reinstate the protections necessary to ensure all defendants a fair trial and due process of law.

Respectfully submitted,

*Of Counsel:*
CHARLES F. RICE,
150 East 42nd Street,
New York, New York 10017
S. M. GROOM, JR.,
P. O. Box 1934,
Oklahoma City, Oklahoma.
HOWREY, SIMON, BAKER
& MURCHISON,
1730 Pennsylvania Avenue,
Washington, D. C. 20006

*Of Counsel:*
WILLARD P. SCOTT,
CARL G. ENGLING,
Kerr-McGee Building,
Oklahoma City, Oklahoma 73102
MONNET, HAYES, BULLIS,
GRUBB & THOMPSON,
1719 First National Center West,
Oklahoma City, Oklahoma 73102

Dated: June 8, 1973

EDWARD F. HOWREY,
A. DUNCAN WHITAKER,
MICHAEL M. LEVY,
1730 Pennsylvania Avenue,
Washington, D. C. 20006
*Attorneys for Petitioner, Mobil Oil Corporation,*
JOHN J. RUNZER,
EDITH G. LAVER,
PEPPER, HAMILTON & SCHEETZ,
123 South Broad Street,
Philadelphia, Pennsylvania 19109
JOHN A. LADNER, JR.,
P. O. Box 2039,
Tulsa, Oklahoma 74102
*Attorneys for Petitioner, Sunray-DX Oil Company,*
COLEMAN HAYES,
1719 First National Center West,
Oklahoma City, Oklahoma 73102
*Attorneys for Petitioner, Kerr-McGee Corporation,*
RICHARD B. MCDERMOTT,
BOESCHE, MCDERMOTT
& ESKRIDGE,
1300 National Bank of Tulsa
Building,
Tulsa, Oklahoma 74103
S. E. FLOREN,
Phillips Building,
Bartlesville, Oklahoma 74003
*Attorneys for Petitioner, Phillips Petroleum Company,*
By: JOHN J. RUNZER,
*On Behalf of the above petitioners and their attorneys.*

## CERTIFICATE OF SERVICE.

I hereby certify that on this 8th day of June, 1973, three copies of the Petition for Certiorari of Mobil Oil Corporation, Sunray-DX Oil Company, Kerr-McGee Corporation and Phillips Petroleum Company were mailed by air mail, postage prepaid, to Barefoot, Moler & Claro, 1405 City National Bank Tower, Oklahoma City, Oklahoma 73102, Attorneys for Respondents.

I further certify that all parties required to be served have been served.

/s/ JOHN J. RUNZER,
PEPPER, HAMILTON & SCHEETZ,
123 South Broad St.,
Philadelphia, Pa. 19109
*Attorney for Sunray-DX Oil Company, one of the petitioners herein.*

# Appendix.

UNITED STATES COURT OF APPEALS
TENTH CIRCUIT.

JANUARY TERM, 1973.

Nos. 71-1115, 71-1116, 71-1117, 71-1118, 71-1119.

STANDARD INDUSTRIES, INC., A CORPORATION, AND METROPOLITAN PAVING CO., INC., A CORPORATION,
*Plaintiffs-Appellants,*

*v.*

MOBIL OIL CORPORATION, A CORPORATION, SUNRAY-DX OIL COMPANY, A CORPORATION, KERR-McGEE CORPORATION, A CORPORATION, AND PHILLIPS PETROLEUM COMPANY, A CORPORATION,
*Defendants-Appellees and Cross-Appellants.*

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF OKLAHOMA.

(D. C. No. 66-478)

Bert Barefoot, Jr., and John Anthony Claro (Edward H. Moler, Barefoot, Moler & Claro, and Joseph A. Claro of Counsel, on the brief), for Plaintiffs-Appellants.

A. Duncan Whitaker (Edward F. Howrey and Michael M. Levy; Charles F. Rice, S. M. Groom, Jr., Howrey, Simon, Baker & Murchison, of Counsel, on the brief), for Defendant Mobil Oil Corporation, Appellee & Cross-Appellant.

John J. Runzer (John A. Ladner, Jr., Edith G. Laver, Pepper, Hamilton & Scheetz, on the brief), for Defendant Sunray-DX Company, Appellee & Cross-Appellant.

Coleman Hayes (Willard P. Scott, Carl G. Engling, Monnet, Hayes, Bullis, Grubb & Thompson, on the brief), for Defendant Kerr-McGee Corporation, Appellee & Cross-Appellant.

Richard B. McDermott (Boesche, McDermott & Eskridge, and S. E. Floren, on the brief), for Defendant Phillips Petroleum Company, Appellee & Cross-Appellant.

---

Before Lewis, *Chief Judge*, McWilliams, *Circuit Judge*, and Theis, *District Judge*.

---

McWilliams, *Circuit Judge*.

This is a civil antitrust action brought by two corporations to recover damages incurred when they purchased liquid asphalt, to be utilized in the construction of roads, highways, runways and the like, at a "rigged" price in excess of fair market value, such price rigging allegedly having been the result of an unlawful combination and conspiracy in restraint of trade in violation of the provisions of the Sherman Act and the Clayton Act. 15 U. S. C. § 1, *et seq.* The defendants named in the complaint were numerous petroleum refiners and marketing entities which produced and sold liquid asphalt as a by-product of the crude oil cracking process.

The two corporations which instituted the proceedings are Standard Industries, Inc., a Delaware corporation, and Metropolitan Paving Company, Inc., an Oklahoma corporation, both general construction contractors with the former headquartered in Tulsa, Oklahoma, and the latter in Oklahoma City, Oklahoma.

As indicated, the defendants were various petroleum refiners and marketing entities located in Oklahoma and Kansas and initially were some twelve in number. Settlement was made with certain defendants prior to trial. Upon trial, the jury returned a verdict in favor of one defendant, Skelly Oil Company of El Dorado, Kansas, and against the four remaining defendants. Those four are: (1) Mobil Oil Corporation, which operated a refinery in Augusta, Kansas; (2) Sunray DX Oil Company, which operated a refinery in Tulsa, Oklahoma; (3) Kerr-McGee Corporation, which operated refineries at Wynnewood and Cushing, Oklahoma; and (4) Phillips Petroleum Company, which operated refineries at Okmulgee, Oklahoma, and at Kansas City, Kansas.

An eight-week trial culminated in the submission to the jury of a series of special interrogatories. The jury found, *inter alia*, that the four defendants had conspired to fix the price of liquid asphalt purchased by plaintiffs in Oklahoma from January 1962 to December 1966; that plaintiffs had suffered damages by way of an "overcharge" during the existence of the conspiracy; and that none of the "overcharge" had been "passed-on" by either of the plaintiffs.

Based, then, on the jury's various answers to the special interrogatories, the trial court entered a judgment in the sum of $133,684.06, together with the sum of $42,000 for attorney's fees, plus costs in the amount of $3,550.22, in favor of Standard and against the four petroleum companies which the jury found guilty of antitrust violations.

As concerns Metropolitan, judgment was entered in its favor and against the same four companies in the sum of $286,128.01, together with the sum of $84,000 for attorney's fees, plus costs in an amount of $7,100.44. In sum, judgment was entered in favor of the two plaintiffs against the four petroleum companies, jointly and severally, in a total amount of $556,462.73, such sum taking into account previous settlements made with other defendants prior to trial. All parties now appeal.

Standard and Metropolitan complain here about the amount of their judgment, and seek a new trial limited to the issue of damages. The four appealing defendants, i.e., Mobil, DX, Kerr-McGee, and Phillips, on a variety of grounds seek a new trial limited to the issue of liability. These wide-ranging grounds of alleged error will be grouped into two categories: Alleged Pre-Verdict Error and alleged Post-Verdict Error.

## Alleged Pre-Verdict Error.

### 1. *Treble Damage Instruction.*

Section 15 of 15 U. S. C. provides that any person injured by reason of anything forbidden in the antitrust laws may sue therefor "and shall recover threefold the damages by him sustained, and the cost of suit, including a reasonable attorney's fee." In regard to the matter of damages, the trial court instructed the jury as follows:

> "* * * If you should find, from a preponderance of the evidence in this case, that plaintiff is entitled to recover, your verdict will be for only such amounts as you shall find from the evidence in the case is reasonably necessary to compensate the plaintiff for damages proximately caused by one or more of the violations of the Federal antitrust laws, which the plaintiff has al-

leged. *You will not treble that amount, nor will you include any sums for costs of suit, or for a reasonable attorney's fee, since that is no part of the jury's function. That is a question for the court, in the event the jury return a verdict in favor of the plaintiff for actual or compensatory damages.*" (Emphasis added.)

The plaintiffs contend that the giving of the aforesaid instruction constituted reversible error because such was "inherently unfair" in that it placed on the plaintiffs the burden of explaining why they should ultimately recover three times their actual damage and, in practical effect, necessarily caused the jury to adjust downward its damage award.

In thus arguing, plaintiffs rely on our recent case of Semke v. Enid Automobile Dealers Association, 456 F. 2d 1361 (10th Cir. 1972), decided by us after the trial of the instant case. In *Semke*, after recognizing that there was a split of authority on the matter, we held that it was error to give an instruction which informed the jury that its damage award *would* be trebled by the court, but that in the context of that case it was only harmless error. We adhere to the rule of *Semke*, but here, as in *Semke*, under the circumstances any error is deemed harmless.

In pre-trial newspaper publicity of considerable proportions, the jury panel was without doubt made aware of the fact that this was a treble damage action. Such publicity included articles published in the local Oklahoma newspapers between 1966 and 1969 concerning not only the nature of the claim asserted in the instant case, but also articles relating to the antitrust action brought by the State of Oklahoma in regard to the State's purchases of the same types of liquid asphalt. Many of these articles stated that the suits involved amounts which were triple

the amount of damages allegedly suffered. Furthermore, in closing argument there was some comment by counsel concerning the treble damage aspect of the case, although such was said to be in anticipation by counsel that the trial court would instruct on the matter. And in the instructions other than the particular part here complained about, reference was made that under the Clayton Act the injured party should recover "threefold the damages by him sustained, and the cost of the suit, including a reasonable attorney's fee."

In addition, as will later be more fully developed, the witness Kavanaugh, president of Metropolitan, in violation of an order of court, in a voice inaudible to the court and counsel, but audible to the court reporter and at least some jurors, volunteered that he had already incurred expenses in the sum of $150,000.

It was in this general setting, i.e., considerable pretrial publicity, some discussion about treble damages in closing argument, and misconduct by the witness Kavanaugh, that the court felt constrained to affirmatively instruct the jury that in the event it found for the plaintiffs it should award the plaintiffs their actual damages, and that the matters of trebling, costs and attorney's fees were "no part of the jury's function" and were "questions" for the court. Under such circumstances, we conclude that the giving of the instruction in question did not constitute reversible error. Repeating, the jury was correctly instructed as to the damages that could be awarded and then simply informed that the other matters, i.e., trebling, costs, and attorney's fees were "questions" for the court. We perceive no prejudice to the plaintiffs from the instructions thus given.

Nor are we convinced by the further argument on this point that the jury did in fact reduce its damage award by

fixing plaintiffs' damages at exactly one-third what the evidence indicated it was entitled to. This assumes that the plaintiffs' evidence compelled the jury to assess their damage at the rate of 3¢ per gallon of liquid asphalt purchased. We do not view the evidence as compelling any such result. The extent of plaintiffs' damages was, as were most of the issues in the case, disputed issues and the jury's monetary award finds support in the record.

2. *"Passing on" Instruction.*

As above indicated, the two plaintiffs were general construction contractors and as an incident to their business both used so-called "asphaltic concrete," which is made by mixing aggregates, such as sand, crushed rock, and the like, with liquid asphalt. The liquid asphalt was purchased by the plaintiffs from certain of the defendants and such, of course, forms the root of this entire controversy. In this regard, one of the defenses raised by the defendants was that the plaintiffs had merely "passed on" to those with whom the plaintiffs dealt any overcharge suffered by plaintiffs at the hands of any of the defendants. The instruction given the jury on this particular matter is set forth below.[1]

---

1. "INSTRUCTION NO. 27

"PASS-ON DEFENSE: As one of the defenses herein the defendants contend that even though the jury should find that a conspiracy existed which resulted in artificially high prices for liquid asphalt the plaintiffs nonetheless may not recover in this case because of their failure to show that they were thereby injured in their business or property. In this connection it is alleged by defendants that whatever price the plaintiffs paid for asphalt was shifted or 'passed-on' to those with whom plaintiffs contracted and by reason thereof the contractors, as middlemen, suffered no loss whatever.

"In your consideration of this issue you are told that in cases of this nature the 'pass-on' defense, while sometimes proper, has rather limited application and is generally available only to a 'cost-plus' contractor or to a middleman who buys a product then resells

By its answer to special interrogatories, the jury determined that neither of the plaintiffs had "passed on" any overcharge. The plaintiffs now argue that the giving of the instruction on "passing on" was error under Hanover Shoe, Inc. v. United Shoe Machinery Corp., 392 U. S. 481 (1968), and that notwithstanding the finding by the jury that there was no "passing on," the very giving of the instruction tended to prejudice the plaintiffs' entire case in the eyes of the jury. We disagree.

In the first place, it requires a degree of clairvoyance that we do not possess to conclude that the jury's finding that the plaintiffs did *not* pass on the overcharges somehow prejudiced the plaintiffs' entire case in the eyes of the jury. Such reasoning we do not follow. *See* Kermaree v. Compagnie Generale Transatlantique, 358 U. S. 625 (1959) at 629; Bass v. Dehner, 103 F. 2d 28, at 34 (10th Cir. 1939), *cert. denied*, 308 U. S. 580 (1939).

Furthermore, as we read Hanover, at 494, the Supreme Court did not completely rule out passing-on as a defense in an action of this nature. Indeed, the court recognized "that there might be situations—for instance, when an overcharged buyer has a pre-existing 'cost-plus' contract, thus making it easy to prove that he has not been damaged—where the considerations requiring that the passing-on defense not be permitted in this case would not be present." In our view, the instruction given does not offend *Hanover* and was narrowly drawn so as to be in accord with the fore-

1. (Cont'd.)

same in unchanged form to a consumer under such condition that the original cost and handling charges can be traced with a fair degree of certainty. If, while in the hands of the middleman, the product is processed so as substantially to lose its identity and form and the processing costs are incapable of exact calculation, the defense of 'pass-on' becomes unavailable. The burden rests with defendants to prove the defense of 'pass-on' as is heretofore stated in these instructions."

going language from *Hanover*. For these reasons, we find no error in the giving of this instruction.

3. *Peremptory Challenges.*

The trial court granted each of the two plaintiffs three peremptory challenges, making a total of six for the two, and granted each of the five defendants who went to trial two peremptory challenges, to be exercised separately, making a total of ten challenges for the defendants. The plaintiffs now complain that granting to them a total of six peremptory challenges, as contrasted to the ten granted the defendants, constitutes reversible error, even though the jury ultimately selected found in their favor and awarded substantial damages. It is difficult for us in this situation to find any prejudice to the plaintiffs. Also, in our view prejudice is not shown by pointing out, by way of hindsight, jurors whom the plaintiffs would have peremptorily challenged if they had been allotted ten challenges, instead of six. Be that as it may, we find no error on the part of the trial court in its order regarding peremptory challenges.

Section 1870 of 28 U. S. C. initially provides that each party in a civil case shall be entitled to three peremptory challenges. Such was afforded the two plaintiffs, though each of the five defendants did not get three peremptory challenges, only two. That same statute also provides that multiple plaintiffs or defendants "may" be treated as a single party or the trial court "may" allow additional peremptory challenges and "may" permit them to be exercised either jointly or separately. By use of the word "may," we have held that this latter provision confers a judicial discretion on the trial court. John Long Trucking, Inc. v. Greear, 421 F. 2d 125 (10th Cir. 1970). In the instant case, we find no abuse of that discretion. See Albina Engine and Machine Works, Inc. v. Abel, 305 F. 2d 77 (10th Cir. 1962).

*See also* Nehring v. Empresa Lineas Maritimas Argentinas, 401 F. 2d 767 (5th Cir. 1968), *cert. denied*, 396 U. S. 819 (1969), where it was held that the plaintiff did not have a *right* to the same number of peremptory challenges as granted multiple defendants.

4. *Evidence of Alleged Conspiracies Involving Sales of Liquid Asphalt in Kansas and Missouri.*

By answer to a special interrogatory, the jury determined that the four appealing defendants, i.e., Mobil, DX, Kerr-McGee, and Phillips, had conspired to fix, maintain and stabilize the price of liquid asphalt purchased by the plaintiffs in Oklahoma. As a part of their case, the plaintiffs, over objection, introduced evidence that the conspiracy in question did not respect state boundaries and that its effect was felt in Kansas and Western Missouri to the end that there was price fixing by certain of these defendants, and others, in those areas, as well as in Oklahoma. Expert testimony adduced by the plaintiffs was to the effect that the relevant economic market included not only Oklahoma, Kansas and Western Missouri, but included also such states as Nebraska, South Dakota, Iowa, Minnesota, and Wisconsin.

It was an integral part of plaintiffs' theory of the case that the Oklahoma refiners agreed not to market in Kansas, and that the Kansas refiners in turn agreed not to market in Oklahoma, to the end that the barrier between these two states was described by some as being a veritable "Berlin Wall," through which liquid asphalt did not pass from one state to the other, although *other* petroleum products flowed freely between the two states. And as the culmination of the conspiracy, the price for liquid asphalt in Oklahoma, according to the plaintiffs, was then set artificially high to the end that bids by refiners to both the state and private

contractors were invariably identical and constant in the price bid. Similarly, in Kansas the Kansas refiners, free from Oklahoma competition, set their price for their liquid asphalt sold in Kansas.

As concerns Western Missouri, it was plaintiffs' theory of the case that the Kansas and Oklahoma refiners "co-operated" in this area and divided up the market at prices mutually agreed upon.

Regarding Nebraska, South Dakota, Iowa, Minnesota, and Wisconsin, plaintiffs contended that the defendants and the other coconspirators did engage in real price competition in those areas. And in our view of the record, there is evidence, both direct and circumstantial, to support this general theory of the case.

Upon trial, defendants objected strenuously to the introduction of any evidence pertaining to the existence of any conspiracy involving any defendant extending into Kansas or Western Missouri. Such evidence was said to be irrelevant and highly prejudicial. These objections were overruled and the defendants now assign such ruling as error necessitating a new trial on the issue of liability only. We perceive no error in this particular regard.

The evidence of the activities of these defendants, and others, in Kansas and Missouri was a part of an overall scheme and had relevance and probative value as tending to circumstantially prove the particular facet of the conspiracy which ended in price fixing in Oklahoma operating to the detriment of the plaintiffs. Noerr Motor Freight v. Eastern Railroad Presidents Conference, 155 F. Supp. 768 (E. D. Pa. 1957), *aff'd per curiam*, 273 F. 2d 218 (3d Cir. 1959); *rev'd on other grounds*, 365 U. S. 127 (1961), contains pertinent comment on this particular matter. In that case, the trial court declared as follows:

> "Because of the magnitude and importance of the case the Court permitted great latitude in the intro-

duction of evidence. The trial court in any antitrust case has wide discretion in the admission or exclusion of cumulative and collateral evidence * * *. The evidentiary problems arising at trial may be placed in six distinct categories. The first relates to the admission into evidence, over the strenuous objection of the defendant, of proof of activities in the railroad-Byoir campaign which occurred outside of Pennsylvania. Since the conspiracy was not originated in Pennsylvania, the proof of outside activities was important, not only to show its formation but to show its method of operation, all of which had a great bearing on the fundamental question of intent and injunctive relief, if an illegal conspiracy actually existed. The complaint charged an overall conspiracy in the whole of the northeastern part of the United States. *Because the plaintiffs limited themselves to proof of damages only within the State of Pennsylvania, the defendants contend that plaintiffs should be likewise limited in proof of the conspiracy. Such result, of course, does not follow.* * * *" (Emphasis added.)

Counsel contend that our holding in United States v. Wilshire Oil Company of Texas, 427 F. 2d 969 (10th Cir. 1970), *cert. denied*, 400 U. S. 829 (1970), was that the Missouri and Kansas conspiracies were each distinct from the other and that accordingly each was necessarily distinct from any Oklahoma conspiracy to the end that evidence of either a Kansas or Missouri conspiracy would not be competent evidence of an Oklahoma conspiracy. Such, in our view, does not necessarily follow. The fact that in *Wilshire* we held that the Kansas and Missouri conspiracies were separate and distinct, to the end that *Wilshire* in the Kansas criminal antitrust proceeding could not avail itself

of the plea of double jeopardy based on its prior conviction in the Missouri criminal proceeding, does not resolve the present matter. Even assuming that the Kansas, Missouri and Oklahoma conspiracies were distinct, such does not mean that evidence of the first two is inadmissible in a case grounded on purchases made by the plaintiffs in Oklahoma. Certainly on the record before us such were so interrelated that evidence of one was some evidence of the other. *See* American Medical Ass'n v. United States, 130 F. 2d 233 (D. C. Cir. 1942), at 251-52, *aff'd*, 317 U. S. 519 (1942), and Greater New York Live Poultry Chamber of Commerce v. United States, 47 F. 2d 156 (2d Cir. 1931), at 159, *cert. denied*, 283 U. S. 837 (1931).

In short, then, the jury in our view was entitled to know the full story and the trial court did not err in refusing to limit the plaintiffs to proof of events occurring within the territorial limits of the State of Oklahoma. *See also*, for example, Kansas City Star Company v. United States, 240 F. 2d 643 (8th Cir. 1957), *cert. denied*, 354 U. S. 923 (1957), where it was declared, at 650, that when intent is an issue, as it was here, it has always been deemed proper, in civil or criminal antitrust proceedings, to introduce "evidence of other acts and doings of the party, of a kindred character, in order to illustrate or establish his intent or motive in the particular act directly in judgment."

5. *Admitting Evidence to the Effect That the State of Oklahoma Was Interested in Plaintiffs' Claim.*

The State of Oklahoma had previously brought a civil antitrust action against DX, Kerr-McGee, and Phillips seeking treble damage for liquid asphalt purchased by it. Trial in that proceeding ended in a substantial judgment for the State. There was no direct appeal, as such, from

that judgment, the matter being settled, although one facet of the case was later before us in State of Oklahoma ex rel. Wilson v. Blankenship, 447 F. 2d 687 (10th Cir. 1971), *cert. denied,* 405 U. S. 913 (1972).

The trial court's ruling in the instant case was that there would be "no mention" of the antitrust claim successfully asserted by the State. However, in the present proceeding, the plaintiffs did call as its witnesses numerous state officials who had testified in the earlier trial. Additionally, certain exhibits used in the earlier trial were also marked and used in the instant one. The defendants now claim this to be error, arguing that the jury was necessarily apprised of the successful antitrust claim of the State, and that such inevitably worked to their detriment. This argument is untenable. Certainly the plaintiffs were not precluded from calling as their witnesses various state officials and using exhibits prepared by them for the earlier case, assuming the witnesses were otherwise competent and the exhibits otherwise relevant and material to the issues in the present case.

6. *Admission of Inadmissible Evidence.*

Defendants assert the case should be reversed because the trial court admitted, over objection, evidence which was allegedly inadmissible and highly prejudicial. In thus arguing, counsel includes such items as: (1) Permitting the plaintiffs' two economists to testify as to the ultimate issue in the case, i.e., the existence of a conspiracy on the part of the defendants; (2) admitting a letter which tended to impeach the testimony of the president of an asphalt-producing refinery which marketed through Mobil, the witness having previously been called by Mobil as its witness, when no proper foundation had been laid; (3) permitting the introduction of hearsay evidence, and the like.

We do not propose to get into any extended discussion of evidentiary matters such as those enumerated above. We would note, in passing, that all of the economists who testified upon trial, two being called by the plaintiffs and three by the defendants, expressed their opinions as to the "competitive" or, as the case may be, the "noncompetitive" nature of the liquid asphalt market and some no doubt did come close to giving an opinion as to whether there was or was not a conspiracy. However, such is not necessarily error. As early as New York Life Insurance Co. v. Doerksen, 64 F. 2d 240 (10th Cir. 1933), and Francis v. Southern Pac. Co., 162 F. 2d 813 (10th Cir. 1947), *aff'd*, 333 U. S. 445 (1948), we held that in a wide range of cases where the issue is one with which a lay juror is unfamiliar, expert testimony is not only admissible, but that, as was said in *Francis*, it was "not a well-grounded objection that the opinion elicited from the expert relates to the issue to be resolved by the jury."

Be that as it may, any possible error on the part of the trial court in the reception of evidence at trial would under the circumstances of this case be only harmless error. Fed. R. Civ. P. 61 specifically refers to error in the admission of evidence and declares that such error is not ground for ordering a new trial unless such be deemed "inconsistent with substantial justice." None of the alleged error with respect to the admission of evidence in the instant case meets that test. Moreover, in this regard it is difficult for us to believe that the outcome of an eight-week jury trial could turn on the allegedly inadmissible evidence here complained about by the defendants.

Finally, it has been held that in an antitrust case the trial court has a wide discretion in the admission or exclusion of cumulative or collateral evidence. Noerr Motor Freight v. Eastern Railroad Presidents Conference, *supra*,

citing, at 836, United States v. General Motors, 121 F. 2d 376 (7th Cir. 1941), *cert. denied,* 314 U. S. 618 (1941), and Kansas City Star Company v. United States, 240 F. 2d 643 (8th Cir. 1957), *cert. denied,* 354 U. S. 923 (1957). For all these reasons, then, we conclude that there was no reversible error committed by the trial court in any of its rulings on the admissibility of evidence.

7. *Misconduct of Witness Kavanaugh.*

A. J. Kavanaugh, president of Metropolitan, was called as a witness by the plaintiffs and was examined and cross-examined at great length. The trial court ruled that he could not testify as to the expense allegedly incurred by him in preparing and pressing his claims against the defendants. In violation of that order, Kavanaugh, apparently in an aside to the jury, did assert that he had borrowed $150,000 to pay his share of the expense incurred in pushing his claim against the defendants. This remark, which occurred simultaneously with an objection to a question posed to the witness, was not heard by court or counsel, but was recorded by the court reporter. The entire matter apparently came to light sometime later, at which time the trial court refused the defendants' request that a mistrial be declared. The defendants now assert that they are entitled to a new trial, presumably on the issue of liability only, because of this incident, which is said to have prejudiced their case to the extent that an instruction to disregard was insufficient to insure a fair and impartial trial. We disagree.

The matter of declaring a mistrial, or not, because of improper, voluntary statements of a witness varies according to the atmosphere of each trial. Beck v. Wings Field, Inc., 122 F. 2d 114 (3d Cir. 1941). Of necessity it is a matter peculiarly within the sound discretion of the trial judge. He is on the scene and is in a better position than

we, as a reviewing court, in assessing the potentially prejudicial impact of conduct such as that ascribed to Kavanaugh. In the instant case, the trial judge was very concerned, and rightly so, with Kavanaugh's misconduct and its possible effects, but felt, after holding a hearing *in camera* on the matter, it was not of such proportions as to necessitate declaring a mistrial. And our review of the record has disclosed nothing which would lead us to conclude that the trial judge abused his discretion in this regard. *See*, for example, Sanitary Milk Producers v. Bergjans Farm Dairy, Inc., 368 F. 2d 679 (8th Cir. 1966).

8. *Insufficiency of Evidence as to Mobil and DX.*

Mobil and DX contend that there is insufficient evidence that either of them was involved in the conspiracy about which the plaintiffs complain to the end that a directed verdict should have been entered in their favor. These involve separate consideration.

DX was headquartered in Tulsa, Oklahoma, and the witness Metcalf, president of Standard, testified that from 1955 to 1966 Standard, which was also Tulsa based, had purchased over 15 million gallons of liquid asphalt from DX. There was evidence, both direct and circumstantial, that the price paid by Standard was fixed by DX at a figure which was identical and constant with the price charged by other Oklahoma refiners and that DX was a part of the conspiracy to maintain the price of liquid asphalt at an artificially high figure. In short, in our view there is sufficient evidence to sustain the jury's determination that DX was a party to the conspiracy that resulted in damage to these plaintiffs.

Mobil is in a slightly different situation. Though it was a defendant in the criminal indictments returned in Missouri and Kansas, it was not a defendant nor a named conspirator in the civil antitrust action brought by the

State of Oklahoma, which has been referred to above. As indicated, however, it is plaintiffs' contention that as one facet of the overall conspiracy, Mobil, and other Kansas refiners, agreed to stay out of Oklahoma, in return for which the Oklahoma refiners agreed not to market their liquid asphalt in Kansas. There was evidence that during the years in question Mobil did not market, at least to any appreciable degree in Oklahoma, even though the price for liquid asphalt in Oklahoma was several cents per gallon higher than it was in Kansas. To counter such evidence, Mobil offered evidence of attempts to market its liquid asphalt in Oklahoma in 1966. By way of rebuttal, the plaintiffs then attempted to show that such belated efforts of Mobil were to forestall antitrust prosecution at a time when it was under investigation. In sum, our study of the record convinces us that there is sufficient evidence, both direct and circumstantial in nature, to support the jury's answer to a specific interrogatory that Mobil was indeed a party to the conspiracy in question.

### Alleged Post-Verdict Error.

Plaintiffs contend that the trial court erred in three particulars leading up to the entry of formal judgment, all occurring after the jury had returned its verdict. Before discussing those matters, let us first examine the verdict returned by the jury.

As indicated, the jury did not return a general verdict, but answered a considerable number of special verdict interrogatories. For example, by its answers the jury found that Mobil, DX, Kerr-McGee and Phillips, but not Skelly, had conspired to fix, maintain and stabilize the price of liquid asphalt purchased by the plaintiffs in Oklahoma and that such conspiracy unreasonably restrained interstate trade or commerce. By answer to another interrogatory, the jury found that the aforesaid conspiracy began in Jan-

uary 1962 and terminated in December 1966. Pursuant to direction, the jury then assessed the damages by dollar amount of Standard and Metropolitan, separately, for each year the conspiracy was in existence, i.e., 1962, 1963, 1964, 1965 and 1966. By answer to an interrogatory, the jury also found that the defendants had not "wrongfully, fraudulently or effectively concealed" the conspiracy from either of the plaintiffs. We shall now examine the errors which allegedly occurred after the return of the jury's verdict leading up to the entry of judgment.

1. *Refusal of Trial Court to Rule That the 4 Year Statute of Limitations Contained in 15 U. S. C. § 15b Had Been Tolled by 15 U. S. C. § 16(b).*

Section 15b of 15 U. S. C. provides that an action brought under 15 U. S. C. § 15 is barred unless commenced within four years after the cause of action occurred. Anticipating that this statute of limitations might be pleaded by the defendants as one of their defenses, which it was, the plaintiffs in their complaint pleaded fraudulent concealment in an effort to toll the running of the statute. In this general connection, we would parenthetically note that the plaintiffs in their complaint alleged the existence of a conspiracy in restraint of interstate trade existing from 1954 through 1966, and sought damages for each of the thirteen years of conspiracy's existence. Also, by way of general background, plaintiffs instituted the present proceedings on December 1966 against all defendants except Kerr-McGee and Phillips, who were added as additional defendants in December 1967.

In line, then, with the pleadings the pre-trial order set forth as one of the issues in the case the question of whether there was fraudulent concealment by the defendants of their conspiratorial activities. As mentioned above, the

jury found no such fraudulent concealment. Then some eight weeks after the jury's verdict, the plaintiffs attempted to inject into the proceeding the issue as to whether the four-year statute of limitations, if not tolled by fraudulent concealment, was nonetheless tolled by 15 U. S. C. § 16(b).

Section 16(b) of 15 U. S. C. provides, *inter alia*, that the institution by the United States of any civil or criminal antitrust proceeding shall suspend the running of the four-year statute of limitations in respect of every private right of action "based in whole or in part on any matter complained of in said proceeding * * *." In this regard, we are advised that the United States instituted a criminal antitrust proceeding in Missouri on July 22, 1965, wherein Mobil, Kerr-McGee and Phillips, along with many others, were named defendants and that the United States instituted another criminal antitrust proceeding in Kansas on April 5, 1966, again against Mobil, Kerr-McGee, Phillips, and others. If these criminal proceedings did suspend the running of the four-year statute of limitations, then the plaintiffs could recover damages for all five years the jury determined the conspiracy was in existence, i.e., 1962, 1963, 1964, 1965 and 1966. Jumping ahead, the trial court only allowed the plaintiffs damages for the years 1964, 1965 and 1966. The propriety of that particular determination will be examined in the next section, and for the moment we are only concerned with the correctness of the trial court's refusal to allow the plaintiffs to raise the provisions of 15 U. S. C. § 16(b).

The basic reason assigned by the trial court for refusing to allow the plaintiffs to raise the issue as to whether the criminal antitrust proceedings suspended the running of the four-year statute of limitations was that the request came too late. We agree. All parties were fully apprised by the pleadings of the case which were reflected in the pretrial order that the defendants were invoking the four-year

statute of limitations. The plaintiffs sought to avoid the statute by alleging that there was fraudulent concealment by the defendants of their conspiratorial acts. The jury by its verdict found no such fraudulent concealment. Then, weeks after the return of the jury's verdict, the plaintiffs sought to inject a new issue into the case. Under such circumstances we agree with the trial court that the request came too late in the day.

In support of our disposition of this phase of the controversy, see such cases as National & Transcontinental Trading Corp. v. International General Electric Co., Inc., 15 F. R. D. 379 (S. D. N. Y. 1954). In that case, the Honorable Irving R. Kaufman, then a United States District Judge, declared as follows:

> "Plaintiff contends that the pendency of the aforementioned action by the United States in the District Court for New Jersey suspended the statute of limitations for the period January 27, 1941, when the New Jersey action was commenced, until October 8, 1953, the date when final judgment was entered in favor of the United States. Nowhere however does the complaint allege that any of the allegations of the complaint are 'based in whole or in part on any matter complained of' in the New Jersey action. Such allegations are essential if the bar of the statute is to be avoided."

*See also* in this general connection Zenith Radio Corp. v. Hazeltine Research, Inc., 401 U. S. 321 (1971), where it was indicated that a trial judge would not err in rejecting an affirmative defense which was untimely presented.

2. *Error by the Trial Court in Entering a So-called "Unitary Judgment."*

The trial court determined that the judgment to be entered against the defendants would be joint and several

and that it would include damages incurred during the "four years immediately preceding the joinder of Kerr-McGee and Phillips." As indicated above, the present action was commenced in December 1966 against Mobil and DX, along with ten other companies. However, Kerr-McGee and Phillips were not added as defendants till December 1967. By its determination that the four-year period of time would be the four years immediately preceding the joinder of Kerr-McGee and Phillips, the trial court limited the damage period to the calendar years of 1967, 1966, 1965 and 1964. By its answer to a special interrogatory, the jury had determined that the conspiracy terminated December 31, 1966. So, the judgment thus entered against the four defendants, jointly and severally, limited the plaintiffs' damages to those occurring during the three years of 1966, 1965 and 1964.

Plaintiffs now contend that such limitation was erroneous. They argue that under Fed. R. Civ. P. 20(a), judgment should have been entered for the plaintiffs according to their "respective rights to relief," and "against one or more defendants according to their respective liabilities." Hence, they say, there was no need to enter a so-called "unitary judgment."

In this general regard, the complaint is not so much that any judgment against Kerr-McGee and Phillips should be limited to damages occurring in 1966, 1965 and 1964. Rather, the problem arises in connection with Mobil and DX. The action against those two companies was instituted in December 1966, and the four years immediately preceding that date would include the calendar years of 1966, 1965, 1964 *and* 1963. As noted, *supra*, the jury did fix the damages sustained by the plaintiffs as a result of the conspiracy for that year, as well as 1962. As we understand plaintiffs' present position on this particular matter, it is suggested that a joint and several judgment against all four defend-

ants for damages incurred in the years of 1966, 1965 and 1964, which was the judgment entered by the trial court, was proper, but that such would not, and should not, preclude a separate joint and several judgment against Mobil and DX only for plaintiffs' damages occurring in 1963. We agree.

As indicated, the action against Mobil and DX was commenced in December 1966, and the four-year statute of limitations would permit the plaintiffs to recover damages from those two companies for the years 1966, 1965, 1964 *and* 1963. We fail to see how the fact that the action against Kerr-McGee and Phillips was not commenced till a year later should inure to the benefit of Mobil and DX. This is not an instance of apportioning damages among joint tort-feasors. Rather, we are simply awarding plaintiffs the damages decreed by the jury in its verdict in a manner consistent with Fed. R. Civ. P. 20(a).

In support of the foregoing, *see* Philco Corporation v. Radio Corporation of America, 186 F. Supp. 155 (E. D. Pa. 1960), at 166, and Charles Rubenstein, Inc. v. Columbia Pictures Corporation, 176 F. Supp. 527 (D. C. Minn. 1959), at 536, *aff'd*, 289 F. 2d 418 (8th Cir. 1961). In *Philco*, it was held that in a civil antitrust action the trial court was not required to enter a single judgment against all defendants which would run for the shortest period of limitation applicable to any one defendant. And in *Rubenstein*, again a civil antitrust proceeding, it was contended that the trial court could not apportion damages among tort-feasors, but must hold all defendants jointly and severally liable. In rejecting that contention, the statute of limitations there in question was held to be "personal" to each individual defendant and that there was "no good reason why damages may not be assessed against the various defendants in the amounts and according to the liabilities established." We subscribe to such reasoning.

3. *Refusal of the Trial Court to Grant Plaintiffs' Motion to Dismiss Kerr-McGee and Phillips.*

After it became apparent that the four-year statute of limitations was not to be tolled in any fashion, and after the trial court had further indicated that it proposed to enter a joint and several judgment against all four defendants for damages incurred in the years of 1966, 1965 and 1964, but not 1963, the plaintiffs in a tactical move designed to obtain a judgment for damages incurred the year 1963, as well, moved to dismiss Kerr-McGee and Phillips from the case, hoping thereby to obtain a judgment against Mobil and DX for the four years of 1966, 1965, 1964 and 1963. Not surprisingly, Kerr-McGee and Phillips consented to the granting of the motion to dismiss them from the case and Mobil and DX objected. The trial court denied the motion, and the plaintiffs and Kerr-McGee and Phillips now assign that as error.

The motion to dismiss Kerr-McGee and Phillips coming after trial and moments before the entry of judgment was a matter lying within the sound discretion of the trial court and we find no abuse of that discretion. Fed. R. Civ. P. 15(a), 21 and 41(a)(2). See such cases as Shaffer v. Evans, *per curiam*, 263 F. 2d 134 (10th Cir. 1958), *cert. denied*, 359 U. S. 990 (1959), where it was held that a motion by the plaintiff to dismiss after issue had been joined, but before trial, was addressed to the sound discretion of the trial court.

Accordingly, the judgments as entered are affirmed, but the case is remanded with direction that the trial court enter in favor of the plaintiffs a joint and several judgment against Mobil and DX only for damages incurred by the plaintiffs in the year 1963.

MARCH TERM—APRIL 27, 1973.

Before HONORABLE DAVID T. LEWIS, *Chief Judge*, HONORABLE DELMAS C. HILL, HONORABLE OLIVER SETH, HONORABLE ROBERT H. McWILLIAMS, HONORABLE JAMES E. BARRETT, HONORABLE WILLIAM E. DOYLE, *Circuit Judges*, and HONORABLE FRANK G. THEIS, *District Judge*.

---

Nos. 71-1115, 71-1116, 71-1117, 71-1118, 71-1119.

---

STANDARD INDUSTRIES, INC., A CORPORATION, AND METROPOLITAN PAVING CO., INC., A CORPORATION,
*Plaintiffs-Appellants*,

*v.*

MOBIL OIL CORPORATION, A CORPORATION, SUNRAY-DX OIL COMPANY, A CORPORATION, KERR-McGEE CORPORATION, A CORPORATION, AND PHILLIPS PETROLEUM COMPANY, A CORPORATION,
*Defendants-Appellees and Cross-Appellants*.

---

This matter comes on for consideration of the petition for rehearing and for hearing en banc of Sunray-DX Oil Company, Defendant-Appellee and Cross-Appellant; petition for rehearing and suggestion of rehearing en banc of defendants-appellees and cross-appellants; and petition for rehearing of plaintiffs-appellants in the captioned cases.

Upon consideration whereof, the petitions for rehearing are denied by Chief Judge Lewis, Circuit Judge McWilliams and District Judge Theis, to whom the cases were argued and submitted.

The petitions for rehearing having been denied by the original panel to whom the cases were argued and submitted, and no member of the panel nor judge in regular active service on the Court having requested that the Court be polled on rehearing en banc, Rule 35, Federal Rules of Appellate Procedure, the petitions for rehearing en banc are denied. Judge Holloway did not participate in the petitions for rehearing en banc.

HOWARD K. PHILLIPS,
Howard K. Phillips,
*Clerk*.

## TABLE OF CONTENTS


| | PAGE |
|---|---|
| Opinions Below and Jurisdiction | 1 |
| Questions Presented | 2 |
| Statement of the Case | 2 |
| Reasons for Denying the Writ | 9 |
| Conclusion | 20 |


## TABLE OF AUTHORITIES


CASES:

| | |
|---|---|
| Gruenwald v. United States, 353 U.S. 391 (1957) | 15 |
| Maffie v. United States, 209 F.2d 225 (1st Cir., 1954) | 16-17 |
| Noerr Motor Freight v. Eastern Railroad Presidents Conference, 155 F.Supp. 768 (E.D. Pa., 1957), aff'd per curiam 273 F.2d 218 (3d Cir. 1959), rev'd on other grounds 365 U.S. 127 (1961) | 14 |
| Standard Industries, et al. v. Mobil, et al., 475 F.2d 220 | 10-13 |

CONSTITUTIONAL PROVISIONS:

| | |
|---|---|
| United States Constitution, Fifth Amendment | 15 |

MISCELLANEOUS:

| | |
|---|---|
| 98 C.J.S., Witneses, §455, pp. 307-308 | 17 |
| Federal Rules of Civil Procedure, Rule 43 | 15-16 |
| Federal Rules of Civil Procedure, Rule 43(b) | 16 |
| Gard, Jones on Evidence, 6th Ed. (1972) Vol. 4, §22.12, p. 38 | 17 |
| Wigmore on Evidence, 3d Ed., Vol. VIII, §2254, p. 327 | 17 |

In the
Supreme Court of the United States
OCTOBER TERM, 1972

No. 72-1647

MOBIL OIL CORPORATION, a Corporation, SUNRAY-DX OIL COMPANY, a Corporation, KERR-McGEE CORPORATION, a Corporation, and PHILLIPS PETROLEUM COMPANY, a Corporation,

*Petitioners,*

VERSUS

STANDARD INLUSTRIES, INC., a Corporation, and METROPOLITAN PAVING CO., INC., a Corporation,

*Respondents.*

**BRIEF FOR PLAINTIFF-RESPONDENTS IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI**

This Brief is submitted on behalf of two asphalt-consuming contractors whose judgment for money damages was affirmed by the United States Court of Appeals for the Tenth Circuit on March 14, 1973.

## OPINIONS BELOW AND JURISDICTION

The opinion below and the basis asserted for this Court's jurisdiction is adequately set forth in the Petition and its Appendices.

## QUESTIONS PRESENTED

Petitioner's first question incorporates an erroneous characterization of the conspiracy alleged by Plaintiffs, *and* a misleading synopsis of the holding of the court below in regard to that conspiracy. The question presented by Petitioners commences: "May Plaintiffs in antitrust actions submit to the jury elaborate and extensive evidence concerning alleged conspiracies *other than that charged by them* . . .?" Petitioner's entire argument is constructed upon this faulty foundation. The liability evidence adduced by Plaintiffs plainly was in support of their allegation of a single but multi-faceted conspiracy engaged in by asphalt marketers in three states and affecting the price of liquid asphalt in a three-state market; this is true even though Plaintiffs purchased their asphalt only in the Oklahoma sector of that market. We submit that the question, correctly stated, should be "whether plaintiffs alleging an antitrust price-fixing conspiracy covering a three-state market must be *restricted* at trial to proof of conspiratorial acts engaged in by sellers *solely* in the geographic area of the market where plaintiff's purchases were made?"

## STATEMENT OF THE CASE

Petitioner's statement of the case is slanted, and based upon the same erroneous characterization of Plaintiff's pleadings and the court's holding as was their above quoted "question." Additionally, the statement totally ignores the logical inferences which were obviously drawn from the evidence presented at trial as the jury resolved contested issues of fact in favor of the Plaintiffs and against Defendants. We do not propose to set forth here a complete state-

ment of all the issues involved in the case at bar; however, we propose to correctly set forth the evidentiary framework of Plaintiff's case (together with all legitimate inferences) which was approved by the Court of Appeals.

Plaintiffs proved to the satisfaction of the court and jury below that the defendants in the case at bar, together with other named refiners in the market, effectively fixed and maintained the price of liquid asphalt at an artificially high level in an economic market composed of the States of Oklahoma, Kansas and approximately the western half of Missouri during the years 1961 through 1966 (R. 161, pp. 694, *et seq.;* A. 3521-3525. R. 161, pp. 636, *et seq.*, Instruction Nos. 10, 22 and 24; A. 3517).[1] There was evidence demonstrating that the foregoing geographic area constituted the relevant market within which to consider the anti-competitive acts of the industry as a whole, and a portion of the area from which a consideration of prices was necessary in order to compute the damages suffered by the Plaintiffs as a consumers of liquid asphalt. (*Max,* R. 19, pp. 3147-3148; A. 1424).

During the period of time involved, all petroleum-based products, except one, which were produced from refineries in Kansas and Oklahoma [*i.e.*, gasoline, kerosene, fuel oils, *etc.*] moved easily, *and competitively,* across the Kansas-Oklahoma border; only liquid asphalt was an ex-

---

[1] References are as follows:
References to witnesses' trial testimony are made by referring to the particular witness' last name. References to the record are to Record Volume Number preceded by the letter "R" and then to page or Exhibit number. References to the Appendix are to the Appendix page number, preceded by the Letter "A".

ception. [*Nourse*, R. 4, pp. 110-111; A. 61-62. *Baker*, R. 5, pp. 144-15, 204; A. 75-76, 91]. The Kansas and Oklahoma based refiners assiduously avoided marketing liquid asphalt across their common border when, had the market been truly competitive, it would have been in their obvious economic self-interest to market as much asphalt as possible in the "high priced" Oklahoma-Kansas sector of this market [*Max*, R. 19, pp. 3185-3186; A. 1448]; however, the asphalt refiners in both states marketed *millions* of gallons of liquid asphalt in the lower-priced, distant northern markets. [*Mitchell*, R. 10, p. 1125; A. 515. *Noble*, R. 10, pp. 1970, 1088, 1104 and 1114; A. 490, 505. *Max*, R. 19, pp. 3158 and 3185; A. 1430 and 1448; R. 119, P. Exs. 748, 750, 754, 758, 786 and 787]. As indicated, with practically no pertinent exceptions, liquid asphalt was never marketed competitively, by *any* refiner, across what one witness referred to as the "Berlin Wall." [*Smith*, R. 9, p. 920; A. 438. *Nourse*, R. 4, p. 43; A. 43. *Foose*, R. 5, p. 260; A. 109. *Baker*, R. 5, p. 144; A. 75. *Hibbard*, R. 5, p. 282; A. 119. *Mance*, R. 7, p. 716; A. 327]. The few pertinent exceptions mentioned above, when liquid asphalt *did* move competitively from one state to the other, resulted in economic reprisals either being instituted, or threatened, against persons purchasing liquid asphalt and utilizing it, or attempting to utilize it, on projects "across the border." [*Adams*, R. 33, pp. 5704-5722; A. 2551-2562. *Baker*, R. 33, p. 5752; A. 2568. *Wilkinson*, R. 33, pp. 5788-5790; A. 2588-2589]. The co-operation between the Kansas and Oklahoma refineries which was necessary to construct this interstate economic barrier was fruitful [*Malloy*, R. 12, pp. 1813-1814; A. 906-907]; it initially allowed the refiners in Kansas and Oklahoma to easily establish *and maintain*

high, artificial F.O.B. refinery prices for their product on sales to their respective states. [*Adamson*, R. 6, p. 443; A. 189]. Then, acting in concert, the Oklahoma and Kansas refiners were able to fix and maintain the price in western Missouri. [*Adamson*, R. 6, pp. 350-463; A. 139-200. *Leftwich*, R. 27, p. 4712; A. 2104. R. 38, P. Ex. 276; A. 2763-2763C. R. 42, P. Ex. 648; R. 119, P. Ex. 749]. All of the evidence demonstrated that once this was accomplished, the price set for the individual state dictated the price charged to *everyone else* who purchased liquid asphalt in that state. [*Hardy*, R. 26, pp. 4433 and 4436; A. 1965-1968. *Mitchell*, R. 13, pp. 1990-1993; A. 978-980. *Cunningham*, R. 23, p. 3911; A. 1724, *Ketcham*, R. 14, p. 2262; A. 1096. *Dahlgren*, R. 11, p. 1569; A. 760-761. *Schimpf*, R. 27, pp. 4738 and 4754; A. 2118. *Max*, R. 34, p. 5875; A. 2630-2631. *Whitson*, R. 18, p. 3033; A. 1360. R. 119, D. Phillips Ex. 12. R. 110, P. Exs. 939, 940 and 941; A. 3159-3163].

Although slightly different mechanical techniques were utilized in fixing the "State" price in each segment of the market, plaintiffs' evidence reflected a basic pattern—a series of uniform, almost indivisible, conspiratorial meetings, spanning a period of many years, held between the "competing" refiners at various places in Oklahoma, Kansas and Missouri. [R. 38, P. Exs. 18, 21; A. 2753-2761. R. 40, P. Exs. 417, 424 and 833; A. 2843, 2867, 2871, 2873, 2899].[2] The State of Kansas took asphalt bids "FOB Destination." Therefore, it was expedient for the Kansas refiners, during their meetings, to utilize various written instru-

[2] See also: R. 38, P. Exs. 39, 51, 55 and 64. R. 42, P. Exs. 579-585, 588-594, 629, 669-673. R. 39. R. 40. R. 41.

ments to perpetuate their fraud on the Kansas Highway Department, since more than one F.O.B. "base" price had been established for liquid asphalt in Kansas. [*Adamson*, R. 6, pp. 412-444; A. 173-190. R. 42, P. Ex. 649; A. 3001-3001C. One established price was utilized for the El Dorado, Kansas "group" of refineries, and a different base price was utilized for the Kansas City group.] The "work sheets" from which these self-styled competitors rigged their bids, thereby establishing collusive, non-competitive asphalt prices to the State of Kansas were introduced into evidence by the plaintiffs.[3] The State of Oklahoma took liquid asphalt bids "FOB Refinery," and all refiners located in the Oklahoma sector of the market maintained high, constant, *identical* F.O.B. refinery prices, and submitted high, constant, *identical* bids to the State of Oklahoma for more than a decade. [*Nourse*, R. 4, pp. 24, 29-32, 49 and 50; A. 25, 28 and 39. R. 119, P. Ex. 761]. There was only one (identical) "base" price for asphalt in Oklahoma, and thus

---

[3] These instruments are referred to in the record, by various individuals, as the "bible," the "sheets," the "work sheets," and, perhaps, other appellations. The work sheet was merely an instrument (usually a State Highway Department bid sheet) which was handed to each party (or representative of a party) by the organizer of the clandestine meeting and which had freight rates already computed for the points on which that "competitor" was to be the "low" bidder and to receive, by prearrangement, the award from the State. In those rare instances where it had not already been done on the "sheet" by the organizer of the meeting, the "winning" company had merely to add the attached freight rate to the applicable base price listed on the first page of the instrument, and then bid that total or slightly thereunder. All others bid above that price. These sheets were utilized in the same manner in the market area for a number of years. [*Malloy*, R. 12, p. 1856; A. 929 *Gardner*, R. 11, p. 1294; A. 599. *Noble*, R. 10, p. 1088; A.. 505]. Most of the sheets were destroyed after they had served their purpose [*Mitchell*, R. 10, pp. 1158, *et seq.*; A. 533-534. *Mance*, R. 7, pp. 683-684; A. 309. However, plaintiffs were able to secure the Kansas "sheet" for one of the years in question.

no occasion arose for the Oklahoma conspirators to utilize a "work sheet" to rig the bids to the State of Oklahoma. [*Patton*, R. 13, p. 1971; A. 969. R. 119, P. Ex. 761]. As previously stated, the price of asphalt in Kansas was, roughly .02¢ per gallon *lower* than the price in Oklahoma [*Ketcham*, R. 14, pp. 2261 and 2267; A. 1096, 1099. *Black*, R. 6, p. 514; A. 226]; and, so long as there was no Kansas refiner bidding across the border competitively (*i.e.*, at the *lower* Kansas price) to the State of Oklahoma, the price of liquid asphalt to the State of Oklahoma could effectively be fixed and maintained merely by the submission of identical "competitive" bids to the State. This was done by *every* refiner in the State of Oklahoma on *every* State asphalt letting (each of which called for the submission of secret, sealed bids) during *every* year from 1954 through 1965, inclusive. [R. 119, P. Ex. 761]. This was the *only* product purchased by the State of Oklahoma under its competitive bidding procedure which behaved, price-wise, in this manner.[4] [*Whitson*, R. 18, p. 3109; A. 1401. *Max*, R. 19, p. 3159; A. 1431. *DePodwin*, R. 32, p. 5553; A. 2472. R. 109, P. Exs. 876-881; A. 3025-3059]. Although the evidence reflects that the Kansas-Oklahoma border was strangely, almost perversely, impervious to liquid asphalt traffic, just the opposite was true of the Missouri border where the Kansas and Oklahoma refiners acted in concert to fix the

[4] The record also reflects that every Oklahoma state letting was preceded by a private meeting of the Oklahoma Asphalt Refiners Association. Other evidence of collusion in the Oklahoma sector of the market consisted of correspondence between members of that association, setting forth the points on the upcoming Oklahoma letting on which certain refiners were to bid. [*Carleton*, R. 11, pp. 1432, 1435, 1437-1438, 1440, 1442 and 1456, *et seq.*; A. 678, 680-684. R. 42, P. Exs. 616 and 617; A. 2995-2999. R. 93, P. Exs. 824, 825 and 831; A. 3015, 3021].

price of liquid asphalt sold to the Missouri State Highway Department in the western half of Missouri. [*Adamson*, R. 6, pp. 350-412; A. 139-174]. Here, like in Kansas, these "competitors" were dealing with two different F.O.B. base prices, and it was expedient for them to utilize a work sheet to simply the business of dividing up the Missouri sector of this market, and fixing the price to be charged to the State of Missouri. A copy of an instrument used one of the years during which the conspiracy was in effect was introduced into evidence.[5] [R. 38, P. Ex. 276; A. 2763-2763C].

The importance of the evidence establishing that the defendants, and others, fixed the price to the individual states comprising this market is fully realized when it is understood that the price paid for liquid asphalt by *every other customer,* whether it was a municipality, county, or private contractor, was based *directly* upon this illegally established and maintained "state" price. [*Mitchell*, R. 13, pp. 1990-1992; A. 978-979. *Schimpf*, R. 27, pp. 4738 and 4754; A. 2118, 2127-2128. *Whitson*, R. 18, p. 3033; A. 1360. *Cunningham*, R. 23, p. 3911; A. 1724. *Dahlgren*, R. 11, p. 1569; A. 760-761. *Max*, R. 34, p. 5875; A. 2630-2631. *Ketcham*, R. 14, p. 2262; A. 1096. *Hardy*, R. 26, pp. 4433, 4436, 4444-4451; A. 1965-1976. *Max*, R. 19, p. 3190; A. 1451-1452].

The absence of voluntary, competitive sales of liquid asphalt across the Oklahoma-Kansas border, the economic

---

[5] The evidence also reflects that there were meetings devoted entirely to the exchange of pre-arranged points on Kansas lettings for pre-arranged points on Missouri lettings. [*Adamson*, R. 6, pp. 381, *et seq.*; A. 155-161. *Mance*, R. 7, pp. 690, *et seq.*; A. 312-314]. The evidence also reflected an Oklahoma meeting at which Oklahoma and Missouri business was discussed. [*Malloy*, R. 12, p. 1754; A. 872-873. *Carleton*, R. 11, pp. 1486-1487; A. 713-714].

reprisals engaged in when customers attempted to bring that product across the state line, when combined with the individual anti-competitive acts undertaken by each of the refiners with respect to sales to their home state and jointly in the western half of Missouri led the jury, the trial court, and the Court of Appeals to the inescapable conclusion that the aforementioned three states were integrally a part of the same economic market in which the Kansas and Oklahoma refiners had *not* been freely competing, one against the other, for sales to governmental and private customers. The second conclusion to be drawn from the above is equally obvious. Had such competition ensued, the price of liquid asphalt would have been substantially lower to all customers in the marketplace. [*Max*, R. 34, pp. 5894-5897; A. 2642-2644. *Leftwich*, R. 27, pp. 4713-4716; A. 2104-2105. *Whitson*, R. 18, p. 3035; A. 1361. *Malloy*, R. 12, p. 1779; A. 888].

## REASONS FOR DENYING THE WRIT

### I

Petitioner's statement that the evidence complained of by them was not evidence in support of Plaintiff's allegations is belied by the pleadings, the record of this case, their own actions in the trial court, and the opinion of the Court of Appeals. Plaintiff's original complaint alleged a multi-state conspiracy, affecting the States of Oklahoma, Kansas and Missouri. The Defendants immediately moved to strike all allegations of conduct outside the State of Oklahoma, the State where the asphalt was purchased by these Plaintiffs. The Defendants were unsuccessful in their attempt to have those allegations stricken, and they went

to trial charged with perpetrating a conspiracy on the asphalt consumers of a three-state market. The evidence adduced at the trial proved Plaintiff's allegations.

It is true that the purchases of liquid asphalt upon which Plaintiffs predicated their *claim for damages* all occurred within the geographic confines of the State of Oklahoma. However, the trial court correctly refused to limit Plaintiff's proof of Petitioners' conspiratorial acts to the situs of the purchases, it being Plaintiff's theory of liability that the conspiracy to fix prices which injured them was operative in the three-state supply market above. Under pertinent instructions by the trial court, the jury found that the Plaintiffs were damaged as a result of the *conspiracy alleged*. The Court of Appeals approved that ruling, in pertinent part as follows:

> "As a part of their case, the plaintiffs, over objection, introduced evidence that the conspiracy in question did not respect state boundaries and that its effect was felt in Kansas and Western Missouri to the end that there was price fixing by certain of these defendants, and others, in those areas, as well as in Oklahoma. Expert testimony adduced by the plaintiffs was to the effect that the relevant economic market included not only Oklahoma, Kansas and Western Missouri, but included also such states as Nebraska, South Dakota, Iowa, Minnesota and Wisconsin.
>
> "It was an integral part of plaintiff's theory of the case that the Oklahoma refiners agreed not to market in Kansas, and that the Kansas refiners in turn agreed not to market in Oklahoma, to the end that the barrier between these two states was described by some as being a veritable 'Berlin Wall,' through which liquid asphalt did not pass from one state to the other, al-

though *other* petroleum products flowed freely between the two states. And as the culmination of the conspiracy, the price for liquid asphalt in Oklahoma, according to the plaintiffs, was then set artificially high to the end that bids by refiners to both the state and private contractors were invariably identical and constant in the price bid. Similarly, in Kansas the Kansas refiners, free from Oklahoma competition, set their price for their liquid asphalt sold in Kansas.

"As concerns Western Missouri, it was plaintiffs' theory of the case that the Kansas and Oklahoma refiners 'cooperated' in this area and divided up the market at prices mutually agreed upon.

"Regarding Nebraska, South Dakota, Iowa, Minnesota, and Wisconsin, plaintiffs contended that the defendants and the other coconspirators did engage in real price competition in those areas. *And in our view of the record, there is evidence, both direct and circumstantial, to support this general theory of the case.*

"Upon trial, defendants objected strenuously to the introduction of any evidence pertaining to the existence of any conspiracy involving any defendant extending into Kansas or Western Missouri. Such evidence was said to be irrelevant and highly prejudicial. These objections were overruled and the defendants now assign such ruling as error necessitating a new trial on the issue of liability only. We perceive no error in this particular regard.

*"The evidence of the activities of these defendants, and others, in Kansas and Missouri was a part of an overall scheme and had relevance and probative value as tending to circumstantially prove the particular facet of the conspiracy which ended in price fixing in in Oklahoma operating to the detriment of the plaintiffs.* Noerr Motor Freight v. Eastern Railroad Presi-

dents Conference, 155 F.Supp. 768 (E.D. Pa. 1957), *aff'd per curiam*, 273 F.2d 218 (3d Cir. 1959); *rev'd on other grounds*, 365 U.S. 127 (1961), contains pertinent comment no this particular matter. In that case, the trial court declared as follows:

> 'Because of the magnitude and importance of the case the Court permitted great latitude in the introduction of evidence. The trial court in any antitrust case has wide discretion in the admission or exclusion of cumulative and collateral evidence * * *. The evidentiary problems arising at trial may be placed in six distinct categories. The first relates to the admission into evidence, over the strenuous objection of the defendant, of proof of activities in the railroad-Byoir campaign which occurred outside of Pennsylvania. Since the conspiracy was not originated in Pennsylvania, the proof of outside activities was important, not only to show its formation but to show its method of operation, all of which had a great bearing on the fundamental question of intent and injunctive relief, if an illegal conspiracy actually existed. The complaint charged an overall conspiracy in the whole of the northeastern part of the United States. *Because the plaintiffs limited themselves to proof of damages only within the State of Pennsylvania, the defendants contend that plaintiffs should be likewise limited in proof of the conspiracy. Such result, of course, does not follow.* * * *' (Emphasis by the Court.)

"Even assuming that the Kansas, Missouri and Oklahoma conspiracies were distinct, such does not mean that evidence of the first two is inadmissible in a case grounded on purchases made by the plaintiffs in Oklahoma. Certainly on the record before us such were so interrelated that evidence of one was some evidence of the other. *See* American Medical Ass'n v. United

States, 130 F.2d 233 (D.C. Cir. 1942), at 251-52, *aff'd*, 317 U.S. 519 (1942), and Greater New York Live Poultry Chamber of Commerce v. United States, 47 F.2d 156 (2d Cir. 1931), at 159, *cert. denied*, 283 U.S. 837 (1931).

"*In short, then, the jury in our view was entitled to know the full story and the trial court did not err in refusing to limit the plaintiffs to proof of events occurring within the territorial limits of the State of Oklahoma. See also,* for example, Kansas City Star Company v. United States, 240 F.2d 643 (8th Cir. 1957), *cert. denied*, 354 U.S. 923 (1957), where it was declared, at 650, that when intent is an issue, as it was here, it has always been deemed proper, in civil or criminal antitrust proceedings, to introduce 'evidence of other acts and doings of the party, of a kindred character, in order to illustrate or establish his intent or motive in the particular act directly in judgment.'" (Emphasis supplied.) [*Standard Industries, et al.* v. *Mobil, et al.*, 475 F.2d 220, 225]

As can be seen from the above, the Appellate Court conducted a careful and painstaking review of Plaintiff's evidence, and held that Plaintiffs sustained their burden of proof by probative and competent *direct and circumstantial* evidence. In the circumstances obtaining here, Petitioners' request that this Court review the "relevancy" of the conspiracy evidence is merely a transparent plea for the highest court of the land to reweigh, and reevaluate voluminous testimony for *a third* time. It is, in effect, a request for this Court to examine a very lengthy record to determine whether the court below correctly applied the substantial evidence rule. We perceive no overriding question of public importance in such a request, and respect-

fully suggest that it does not comport with the standards set forth in this Court's Rule 19, which enunciates the considerations which must ordinarily be present before a Petition for Certiorari will be granted. Without doubt the reliance by the court below on the holding in *Noerr Motor Freight* v. *Eastern Railroad Presidents Conference*, 155 F.Supp. 768 (E.D. Pa., 1957), *aff'd per curiam* 273 F.2d 218 (3d Cir. 1959), *rev'd on other grounds* 365 U.S. 127 (1961), is not a new or novel legal issue deserving attention by this Court. Additionally, we are aware of no conflict with any other circuit on the point of law involved, and Petitioners have not favored this Court with the citation of authority indicating any such conflict. There is no reason, therefore, for this Court to accept certiorari to review the issue presented by Petitioners' first question.

II

Petitioners also complain in this *civil* proceeding of the admission into evidence of the invocation of the Fifth Amendment by two corporate defendants and one individual witness. In so doing, Petitioners draw *no* distinction between the admissibility of the invocation of the Fifth Amendment privilege in a civil, instead of a criminal proceeding. Neither do they see a difference between the invocation of the Fifth Amendment privilege by an individual, as distinguished from a corporation. Petitioners' basic position is unsound and very much at odds with the plain, unambiguous language of the Fifth Amendment to the United States Constitution.

Since the deprivation of an individual's personal liberty cannot be involved in a civil proceeding, the areas of

permissible evidentiary inquiry are fundamentally different than in a criminal proceeding. Similarly, since a corporation cannot be "jailed," *it* cannot invoke the provisions of the Fifth Amendment in its own behalf. The language of the Fifth Amendment relegates its protection to *individuals* in a *criminal* proceeding:

> "No person . . . shall be compelled in any *criminal* case to be a witness *against himself.*" [Emphasis supplied.]

We respectfully submit that the Fifth Amendment was never intended to afford the "protection" argued for by Petitioners in a civil proceeding. The oil companies cite *no* civil case authority for their position, instead taking understandable, but nonetheless misplaced, refuge in the citation of criminal and quasi criminal case authority. We believe there *is* no civil case authority construing the Fifth Amendment in the manner urged by Petitioners, and we further submit that the criminal cases cited by Petitioners do not stand for the proposition so asserted by them. The holding in *Gruenwald* v. *United States,* 353 U.S. 391 (1957) is typical, and would support *a portion* of Petitioners' argument if the instant cause had been a crimnial case, which it obviously is not. It is true that the Fifth Amendment prevents a witness from being required to testify *against himself* in a criminal proceeding; however, just the opposite is true in a civil case where a witness or a party *may be required to testify against himself*. This is specifically so provided by Rule 43, F.R.C.P.:

> ". . . A party may call an adverse party or an officer, director or managing agent of a public or private corporation . . . and interrogate him by leading questions

and contradict and impeach him in all respects as if he had been called by the adverse party. . . ." Rule 43(b), F.R.C.P.

And a civil jury—unlike its criminal counterpart—can infer what it will from a defendant's forced testimony. If a witness is required to take the witness stand, and is evasive, untruthful, incomplete in his answers to pertinent questions, or, as is the case here, the witness refuses to answer the pertinent questions at all, the civil jury can draw an adverse inference from those circumstances. This distinction has been specifically recognized—even in criminal cases. For example, in the holding of the 1st Circuit Panel in *Maffie* v. *United States*, 209 F.2d 225 (1st Cir., 1954), the following is found regarding the permissible inference which can be drawn from the invocation of the Fifth Amendment in a civil case:

> "Sometimes it is said that one who claims the privilege impales himself on the horns of a dilemma; either he is obviously a criminal, or else he is a liar and a perjurer in stating under oath that he declines to answer because a truthful answer would incriminate him. Occasionally, but probably infrequently, this may be so. It depends upon the nature of the question.
>
> "Suppose the question is: 'Did you pick X's pocket and steal his wallet?' Only a 'yes' answer could be incriminating, and if the witness claims his privilege, the fair inference is that he must be a pickpocket and a thief. That natural inference might be drawn to his detriment in the ordinary affairs of life—for instance, a bank might conclude that such a person could hardly be a good risk for employment as a teller, if he has gotten himself in such a fix that he cannot answer a question like that. *The only place such inference can-*

*not be drawn is at a criminal trial; the prosecution cannot build up its case upon an incriminating inference from the accused's previous claim of privilege.*" (Emphasis supplied.) *Id.*, 209 F.2d 227-228.

Numerous legal commentators have recognized the valid inference which may be drawn from the invocation of the Fifth Amendment in a civil case:

> "On the other hand, the 5th Amendment does not guarantee that a person who invokes it will not be subject to any unfavorable inference. It is an irresistible, logical inference that if a witness in any proceeding refuses to reply to a question on the ground that his response may tend to incriminate him, he impliedly admits that any truthful answer he might give would tend to prove that he had committed a criminal act. . . . So, while claim of the privilege may not be used against the defendant in a subsequent criminal prosecution, an inference that his testimony would have been unfavorable to him is available to his opponent in a civil cause in which defendant pleads the privilege; . . ." 98 C.J.S., *Witnesses*, §455, pp. 307-308.

Particularly is the inference both logical and irresistible where the refusal to testify is in response to questions unmistakenly pertinent to the very facts upon which the civil action is based. See Gard, *Jones on Evidence*, 6th Ed. (1972) Vol. 4, §22.12, page 38; and *Wigmore on Evidence*, 3d Ed., Vol. VIII, §2254, page 327.

The specific interrogatory and the answer given by Defendant Allied Materials Corporation is set forth on page 8 of the Petition. As is readily apparent, that corporation attempted to assert a non-existent 5th Amendment privilege as justification for evading a pertinent interrogatory.

What is not apparent on the face of the Petition is that the invocation of the Fifth Amendment was in the form of an "answer" to an interrogatory rather than an "objection," as stated by Petitioners. Plaintiffs themselves objected to the answer as not being responsive to the interrogatory. [*Transcript of Hearing on Interrogatories*, January 30, 1968, R. 123, pp. 7-30; A. 3202-3209.] The record reflects that as Allied Materials Corporation insisted upon its Fifth Amendment "right," all other corporate defendants adopted Allied's position as their own, and likewise refused to provide the requested information. The trial court approved the Defendants' position and permitted the answer to stand. We think it is obvious that the trial court's ruling was erroneous because a corporation cannot claim the protection of the Fifth Amendment. However, we respectfully submit that the Defendants *cannot* have the best of two worlds and refuse to answer pertinent interrogatories addressed to their illegal activities on the basis that such answers would violate a non-existent "corporate 5th Amendment privilege," and after once leading the trial court into error by approving such an incomplete and evasive answer, subsequently prevent the jury from being apprised of those circumstances.

The judicial admission made by Defendant Wilshire Oil Company of Texas was relevant to the issues joined in the trial court, and otherwise comported with the general rule of law governing judicial admissions. See *Rogers* v. *Edward L. Burton & Co.*, 137 F.2d 284, 286 (10th Cir., 1943); *Frank R. Jelleff, Inc.* v. *Braden*, 233 F.2d 671, 675-677 (D.C. Cir., 1956); and Wigmore on Evidence (3d Ed.), IV, §§1058, 1059, 1066 and 1067.

Petitioners make the comment that neither *Allied nor Wilshire* were parties to the action at the time the evidence was admitted; however, the record will reflect, to the contrary, that those two corporations were, indeed, parties to the action *at the time the evidence was received.* They were subsequently dismissed by the court on the motion of defendants.

The "non-party" witness whose invocation of his Fifth Amendment privilege was read to the jury was Warren Smith. Mr. Smith was the managing agent of Union Asphalt and Road Oils, Inc., a Missouri corporation which marketed liquid asphalt for Defendant Phillips Petroleum Company pursuant to a written marketing contract. During the period of the conspiracy Mr. Smith had functioned as a direct agent of Defendant Phillips Petroleum Company. Further, Mr. Smith was named by another witness, Harold Malloy, as the person who "explained" Malloy's part in the conspiracy to him when Malloy was employed by Union Asphalt and Road Oils, Inc. The question to which the witness "took the 5th" is set forth on pages 8-9 of the Petition. The question addressed to him was pertinent, and relevant to the issues joined in the trial court. The witness' refusal to answer, in this civil proceeding, was a circumstance which the jury could consider in determining the guilt of the Defendants, including Phillips Petroleum Company.

## CONCLUSION

We respectfully submit that although the invocation of the Fifth Amendment privilege by the witness Smith may have been *arguably* proper (since he had not been indicted or convicted in either Kansas or Oklahoma), the invocation of the Fifth Amendment privilege by the corporate defendants was obviously improper. In either event, however, the fact that the Fifth Amendment privilege was invoked in answer to pertinent questions was a proper and relevant circumstance for the jury to consider in this civil proceeding. The fact that the corporate defendants improperly invoked a non-existent Fifth Amendment privilege should not inure to their benefit. The effect of the various trial court rulings eventually resulted in the *improperly* invoked Fifth Amendment privilege being treated the same as would a *properly* invoked Fifth Amendment privilege. The jury was allowed to consider those circumstances in determining the guilt of the Defendants. There appears to be no conflict within the various Circuit Courts of the United States on this subject, and there is no reason, we submit, for this Court to review this question. The petition should, therefore, be denied.

Respectfully submitted,

BERT BAREFOOT, JR.
EDWARD H. MOLER
JOHN ANTHONY CLARO
1405 City National Bank Tower
Oklahoma City, Oklahoma 73102
*Attorneys for Respondents*

July, 1973

## CERTIFICATE

This is to certify that the attached brief in opposition has been served by mailing three copies thereof to Counsel for each Petitioner.

Dated this ..... day of July, 1973.

.....

John Anthony Claro